

**THE LIBRARY OF CONGRESS  
CONSOLIDATED FINANCIAL STATEMENTS  
Fiscal Year Ended September 30, 1998**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**INTRODUCTION**

The Management's Discussion and Analysis (MDA) is designed to provide a high level overview of the Library -- in short, it provides a description of who we are, what we do, and how we accomplished our mission during fiscal year 1998.

**THE LIBRARY OF CONGRESS AND ITS MISSION**

The Library of Congress, an agency in the Legislative branch of the government, is the world's largest and most comprehensive library maintaining a collection of over 115 million items -- many of them unique and irreplaceable -- in more than 450 languages. It directly serves not only the Congress but the entire nation with the most important commodity of our time: **information.**

The Library's mission is to make its resources available and useful to the Congress and the American people and to sustain and preserve a universal collection of knowledge and creativity for future generations.

**STRATEGIC PLAN AND PRIORITIES**

The Library's challenge, under its 1997-2004 strategic plan, is to sustain past gains while becoming a more efficient and effective operation. The Library has a proven record of making knowledge and information accessible to users everywhere -- evidenced by the exponential rate of growth in the Library's Internet transactions and the wide public acclaim of its website.

The Library's critical role as a trusted **knowledge navigator** for the Congress and the nation is made more important than ever by the growing flood of unsorted information available today. The Library's vision for the 21st century is to "lead the nation in ensuring access to knowledge and information and in promoting its creative use for the Congress and its constituents." The strategic plan maps the changes that will ensure that the Library -- the research and information arm of the national legislature and the world's foremost storehouse of knowledge -- continues its worthy tradition of collecting, preserving, sharing, and fostering creativity and learning in support of the Congress, the public and the democratic ideal. Open access is the basic principle of our public library system -- and is more important than ever in helping prevent a division between information "haves" and "have-nots" in the electronic age. The Congress,

through its library, is ensuring that the tools of learning -- and of learning about America -- will be universally accessible in the next millennium.

The Library's strategic plan priorities are:

1. to make knowledge and creativity available to the United States Congress;
2. to acquire, organize, preserve, secure, and sustain for the present and future of the Congress and the nation a comprehensive record of American history and creativity and a universal collection of human knowledge;
3. to make its collections maximally accessible to the Congress, the U. S. Government, and the public; and
4. to add interpretive and educational value to the basic resources of the Library.

## **BRIEF HISTORY**

The Library of Congress is a living monument to the remarkable wisdom of the Founding Fathers who saw access to an ever-expanding body of knowledge as essential to a dynamic democracy. The Library's three buildings are named for Thomas Jefferson, John Adams, and James Madison. With the support of these Presidents, the Congress established the Library in 1800 as soon as it moved to the new capital city of Washington and established the Joint Committee on the Library as the first Joint Committee of the Congress in 1802.

Jefferson, in particular, took a keen interest in the new institution. After the British burned the Capitol and the Library during the War of 1812, Congress accepted Jefferson's offer to "recommence" the Library and purchase his multi-lingual 6,487-volume collection (then the finest in America) at a price of \$23,950. It contained volumes in many languages on everything from architecture to geography and the sciences. Anticipating the argument that his collection might seem too wide-ranging for Congress, Jefferson said that there was "no subject to which a Member of Congress might not have occasion to refer."

Jefferson's ideals of a "universal" collection and of sharing knowledge as widely as possible still guide the Library. With Congressional blessing and support, the Library has grown to serve the Congress and the nation more broadly in ways that no other library has ever done -- largely as a result of four milestone laws: (1) the copyright law of 1870, which stipulated that two copies of every book, pamphlet, map, print, photograph, and piece of music registered for copyright in the United States be deposited in the Library; (2) the 1886 authorization of the first separate Library of Congress building that contained openly accessible reading rooms and exhibition space for the general public; (3) the 1902 law that authorized the Library to sell its cataloging records inexpensively to the nation's libraries and thus massively help to subsidize the entire American library system; and (4) the law in 1931 that established the program in the Library to create and supply free library materials to blind and physically handicapped readers throughout

the country. Congress thus established the basis both for the continued growth of the collections and for the extension of the Library's services to citizens everywhere.

In 1914, Congress created the Legislative Reference Service (LRS) as a separate entity within the Library of Congress to provide specialized services to "Congress and committees and Members thereof." In 1946, the Congress granted LRS further statutory status within the Library and directed it to employ specialists to cover broad subject areas. Congress renamed the LRS the Congressional Research Service (CRS) in 1970 and enhanced its analytical capabilities by defining its policy role for the Congress and emphasizing research support to the committees of Congress.

More recently, a series of Congressional statutes have created within the Library of Congress the American Folklife Center (1976), the American Television and Radio Archives (1976), the National Center for the Book (1977), the National Film Preservation Board (1988), and the National Film Preservation Foundation (1996) -- further extending the Library of Congress' national role.

### **THE LIBRARY OF CONGRESS TODAY**

The core of the Library is its incomparable collections -- and the specialists who interpret and share them. The Library's 115 million items cover more than 530 miles of shelf space and include almost all media through which knowledge and creativity are preserved and communicated.

The Library has more than 27 million volumes, including 5,700 volumes printed before the year 1500; 12 million photographs; 4 million maps, old and new; 2 million audio recordings; 800,000 motion pictures, including the earliest movies ever made; 4 million pieces of music; 50 million pages of personal papers and manuscripts, including those of 23 Presidents of the United States as well as hundreds of thousands of scientific and government documents.

New treasures are added each year. Recent acquisitions, to name a few, include: papers of Supreme Court Justice **Ruth Bader Ginsburg** covering her career before appointment to the Court; an addition of 2,000 items to the papers of Supreme Court Justice **William J. Brennan**; a collection of 500,000 items of **Pamela Harriman**, diplomat and political figure; the **Martha Graham Archives**, documenting the contribution of this pioneer in American dance; 32,000 papers of poet **Edna St. Vincent Millay**; additional organizational papers to collections already at the Library of the **National Urban League** and **NAACP National and Washington Bureau**; a large addition to the papers of architect **I.M. Pei**; sixty drawings of **Pat Oliphant**, the political cartoonist; text, images, and audio files representing a full "snapshot" of the public World Wide Web (some 500,000 Websites) donated by **Brewster Kahle**, President and Founder of Alexa Internet; three rare portraits of Georgia O'Keeffe by master photographer **Alfred Stieglitz**; and a **Map of Philadelphia** from 1752 with the first illustration of Independence Hall.

Every workday the Library's staff adds approximately 10,000 new items to the collections, after organizing and cataloging them, and finds ways to share them with the Congress and the nation -- through on-line access across the nation, through in-person access in the Library's reading rooms, and through cultural programs that feature the Library's collections and reach across the country.

Major annual services include delivering **more than 530,000** congressional research responses and services, registering **more than 558,000** copyright claims, cataloging **nearly 300,000** books and serials, and circulating **more than 22 million** audio and braille books and magazines to blind and physically handicapped individuals all across America. The Library also provides free on-line access, via the Internet, to its automated information files, which contain **more than 75 million** records -- to Congressional offices, Federal agencies, libraries, and the public.

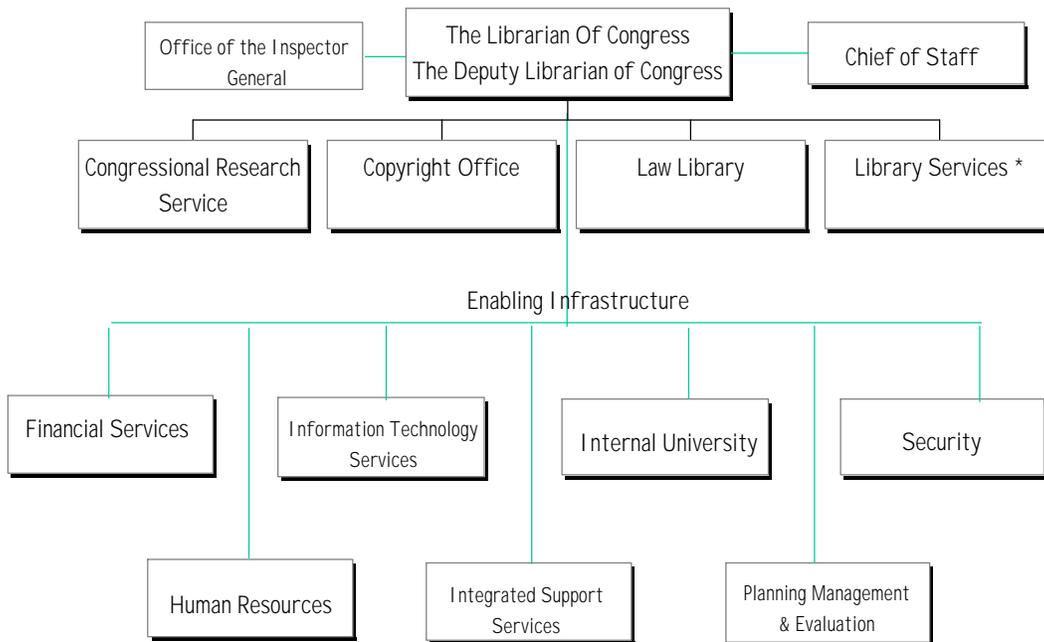
The Librarian of Congress, appointed by the President with the advice and consent of the Senate, directs the Library. The Deputy Librarian of Congress is the Chief Operating Officer who manages the day-to-day operations through four service units and an enabling infrastructure (see organizational chart).

The Library has seven programs:

- ! Library Services
- ! Law Library
- ! Copyright Office
- ! Congressional Research Service
- ! National Library Service for the Blind and Physically Handicapped
- ! Reimbursable Funds
- ! Revolving Funds

The Library's seven programs are funded by four salaries and expenses (S&E) appropriations, a furniture and furnishings appropriation, gifts, reimbursements, and fees from products and services.

# Library of Congress



\* Includes National Library Services for the Blind and Physically Handicapped

## OVERVIEW OF FINANCIAL STATEMENTS

For fiscal 1998, the Library has prepared a Consolidated Balance Sheet, Consolidated Statement of Net Costs, Consolidated Statement of Changes in Net Position, and a Combined Statement of Budgetary Resources (see Section 2).

### Consolidated Balance Sheet

The purpose of the consolidated balance sheet is to provide financial statement users with information about the Library's assets, liabilities, and net position as of September 30, 1998. In accordance with governmental accounting standards, the value of the Library's collections (our largest asset) is not calculated and reported as a monetary asset. Instead, the Library prepares a Stewardship report (see Section 4), which describes the collections and provides relevant information about their use, preservation, security, etc. The Library's Net Position consists of: (1) the portion of the Library's appropriations that are unexpended; (2) the cumulative balances of gift, trust, reimbursable and revolving funds; and (3) the cumulative amount of prior period adjustments.

<b>Assets</b>		<b>Liabilities and Net Position</b>	
Entity Assets	\$ 293,179,862	Liabilities Covered by Budgetary Resources	\$ 775,226,434
Non-Entity Assets	704,919,749	Liabilities Not Covered by Budgetary Resources	33,225,207
		Net Position	189,647,970
<b>Total Assets</b>	<b>\$ 998,099,611</b>	<b>Total Liabilities and Net Position</b>	<b>\$ 998,099,611</b>

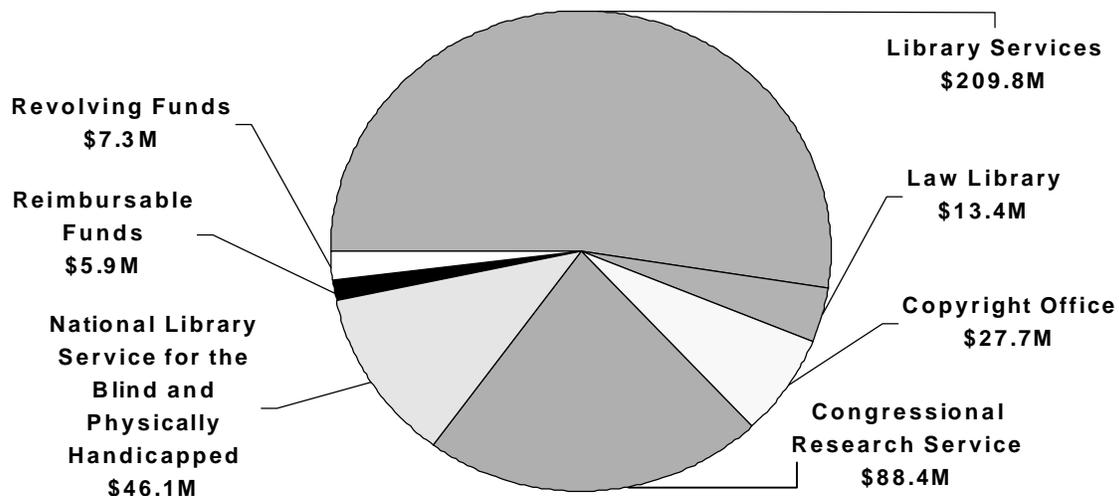
The Library's assets total nearly one billion dollars. Entity assets increased by \$21.2 million during fiscal 1998 primarily as a result of additional donations and pledges to the Library's gift and trust funds. Non-entity assets (i.e., funds held and invested for future distribution to copyright owners) comprise 71 percent of all assets and total \$704.9 million. Non-entity (custodial) assets decreased by \$23.9 million during fiscal 1998 because copyright owners have received multiple prior year royalty distributions in excess of the current year royalty receipts. The Library is authorized to invest the royalty funds in U.S. Treasury securities until the funds are distributed.

The Library's liabilities total \$808.5 million with custodial and deposit account activities (e.g., funds held for future distribution to copyright owners) as the major item. Other large liabilities include funds advanced from other governmental agencies for the FEDLINK program and accounts payable for various operating expenses. The accompanying Balance Sheet does not include the acquisition and improvement costs of the Library's buildings and grounds. By law, these buildings and grounds are under the structural and mechanical care of the Architect of the Capitol.

### Consolidated Statement of Net Costs

The purpose of the Consolidated Statement of Net Costs is to provide financial statement users with information about the costs and earned revenues for the Library's seven programs for the fiscal year ended September 30, 1998. In other words, the statement presents the net costs of our programs -- \$398.6 million. The net costs for each of the Library's seven programs are:

## The Library of Congress Consolidated Statement of Net Costs For the Year Ended September 30, 1998 -- \$398.6 Million



Library Services - With net program costs of \$209.8 million, Library Services is the Library's largest program and is responsible for traditional library activities of acquisitions, cataloging, research and reference, and preservation. Specifically, Library Services provides the following major services:

- ▶ **Acquisitions** - Library Services acquired 3.4 million items in fiscal year 1998 from purchases, gifts, exchanges, and transfers from other federal agencies.

- ▶ **Cataloging** - Library Services produces bibliographic records and related products for libraries and bibliographic utilities in all 50 states and territories -- cataloging that saves America's libraries in excess of \$268 million annually (the money it would cost them if they had to catalog the books and other materials themselves).
- ▶ **Research and Reference** - Library Services makes available to scholars and other researchers vast information resources, many of which are unique, covering almost all formats, subjects, and languages -- each year serving more than 500,000 readers in the 20 reading rooms in Washington open to the public and responding to nearly one million information requests a year from all over the nation. In addition, Library Services responds to more than 50,000 free interlibrary loan requests from every state in the nation and to more than 30,000 requests for book loans from the Congress each year.
- ▶ **On-line Services** - The Library provides free, on-line access, via Internet, to its automated information files which contain more than 75 million records -- to Congressional offices, Federal agencies, libraries, and the public. Internet-based systems include three world-wide-web (WWW) services (THOMAS, LC-Web, and CRS-web), the Library of Congress Information System (LOCIS), and various file transfer options. These Internet-based systems now record more than 60 million transactions a month.
- ▶ **American Creativity** - Library Services manages the nation's largest, most varied, and most important archival collections -- motion pictures, sound recordings, maps, prints, photographs, manuscripts, music, and folklore -- covering a wide range of ethnic and geographic communities; provides reference assistance to researchers and the general public; conducts field research and promotes the preservation of American culture throughout the United States.
- ▶ **Preservation** - Library Services develops and manages a program to preserve the diverse materials and formats in the Library's collections. The program provides a full range of prospective and retrospective preservation treatment for approximately 400,000 items a year; conducts research into new technologies; emphasizes prevention techniques including proper environmental storage and training for emergency situations; conserves and preserves materials; and reformats materials to more stable media. The Library plays a key role in developing national and international standards that support the work of federal, state, and local agencies in preserving the nation's cultural heritage.
- ▶ **Reading Promotion and Outreach** - The Library promotes books, reading, and literacy through the Library's Center for the Book and its 35 affiliated State Centers for the Book and more than 50 national organizational partners and encourages knowledge and use of its collections through other outreach programs (cable TV programs, lectures, publications, conferences and symposia, exhibitions, poetry readings -- all primarily supported by private funding) and through use of the Library's home page on the WWW. The Library also gives some 75,000 surplus books annually to qualified libraries and non-profit educational institutions through its nation-wide donation program.

Law Library - The Law Library of Congress, with net program costs of \$13.4 million, supplies legal research covering more than 200 foreign jurisdictions to Congress, the Judiciary, Federal agencies, and the public -- serving 100,000 users annually.

Copyright Office - The Copyright Office, with net program costs of \$27.7 million, administers the U.S. copyright laws, provides copyright expertise to the Congress and executive branch agencies, and promotes international protection for intellectual property. The office annually processes more than 640,000 claims (representing more than 760,000 works transferred to the Library) of which 550,000 claims are registered for copyright. The Office also responds annually to more than 395,000 requests for information. The Copyright Office convenes and supports Copyright Arbitration Royalty Panels (CARPs) for the purpose of: (a) distributing hundreds of millions of dollars in royalties that are collected under various compulsory license provisions of the copyright law and (b) adjusting the royalty rates of these license provisions. A significant part of the Copyright Office is funded either by registration fees or authorized deductions from royalty receipts. Copies of works received through the copyright system form the core of the Library's immense Americana collections, which provide the mint record of American creativity.

Congressional Research Service - The Congressional Research Service, with net program costs of \$88.4 million, provides non-partisan analytical research and information to all Members and committees of the Congress. CRS works directly and exclusively for the Congress in support of its legislative and oversight functions. By maintaining a cost-effective, shared pool of expertise, CRS provides timely and balanced analyses of legislative proposals and public policy issues through provision of reports, tailored confidential memoranda, individual consultations and briefings -- a comprehensive source of information and analysis on almost any legislatively relevant subject. CRS delivers more than 530,000 research responses and services annually; of these, approximately 138,000 are responses to requests for tailored analyses, information and research.

National Library Service for the Blind and Physically Handicapped (NLS/BPH) - The NLS/BPH, which is part of Library Services, manages a free national reading program for blind and physically handicapped people -- circulating at no cost to users approximately 22.5 million items a year. This program consists of three segments:

1. The Library of Congress selects and produces full-length books and magazines in braille and on recorded disc and cassette and contracts for the production of talking book machines. The NLS/BPH's fiscal 1998 net program costs for this segment were \$46.1 million.
2. A cooperating network of over 140 regional and subregional (local) libraries distribute the machines and library materials provided by the Library of Congress.

3. The U.S. Postal Service receives an appropriation to support postage-free mail for magazines, books, and machines which are sent directly to readers. Reading materials (books and magazines) and playback machines are sent to a total estimated readership of 782,000 comprised of 565,000 audio and braille readers registered individually, in addition to an estimated 217,000 eligible individuals located in 36,000 institutions.

Reimbursable Funds - The net program costs for the Library's Reimbursable Funds are nearly zero (when intra-Library net revenues of \$4.3 million are included and adjustments of \$1.5 million are excluded) because of the Library's goal of full cost recovery. Two major reimbursable programs make up the major portion of the reimbursable revenues: the Federal Library and Information Network (FEDLINK) and the Federal Research Division (FRD). The Library also provides accounting services for four Legislative agencies under cross-servicing agreements (i.e., the Congressional Budget Office, the Office of Compliance, the John C. Stennis Center, and the Capitol Preservation Commission).

- ▶ **Federal Library Services** - The Library coordinates services and programs on behalf of all Federal libraries and information centers, providing education and training programs and administering a cost-effective book, serial, and technical processing and database procurement program for approximately 1,300 Federal offices. This procurement program saves Federal agencies an estimated \$5 million annually in contract cost avoidance benefits and \$12 million more in products and services discounts. In fiscal 1998, FEDLINK revenues of \$55.6 million consist of \$51.1 million for payment of member services and \$4.5 million for administrative costs.
- ▶ **Federal Research Division (FRD)** - The Federal Research Division provides customized research services that the Library is uniquely able to perform as a result of its collections and subject and language expertise of its staff. A popular FRD product, available on-line via the Library's World Wide Web (WWW) homepage, is the country study series of books.

Revolving Funds - Under the authority of 2 U.S.C. 160, the Library of Congress operates eleven gift revolving fund activities to provide, in various formats, duplication and preservation services, exhibits and other special programs, and retail marketing, to other Government agencies, libraries, other institutions, and the general public. Under the authority of 2 U.S.C. 182, the Library operates a Cooperative Acquisitions Program revolving fund under which the Library acquires foreign publications and research materials on behalf of participating institutions on a cost-recovery basis. Through these activities, the Library is able to further its programs dealing with the acquisition of library materials, reader and reference services, and support for public programs.

Although the revolving gift funds were created by gifts which donors designated to be used for self-sustaining activities, the General Accounting Office (GAO) believes that the Library has exceeded its authority by operating revolving funds with gift monies which generate revenues exceeding the original gifts. Therefore, as recommended by GAO, the Library has requested

specific statutory authority to operate the gift revolving funds. The revolving fund legislation has been submitted to the Congress annually since 1991.

After reflecting earned revenue of \$6.0 million, revolving fund net program costs totaled \$7.3 million. The net program costs were primarily the result of the elimination of \$3.0 million of intra-Library net revenues, \$3.3 million in administrative overhead, and \$1.4 million in imputed inter-governmental costs (e.g., employee benefits) not recovered by fees charged by the revolving funds. The major funds are: Photoduplication Service, Cooperative Acquisitions, Recording Laboratory, and the Constance Green Fund.

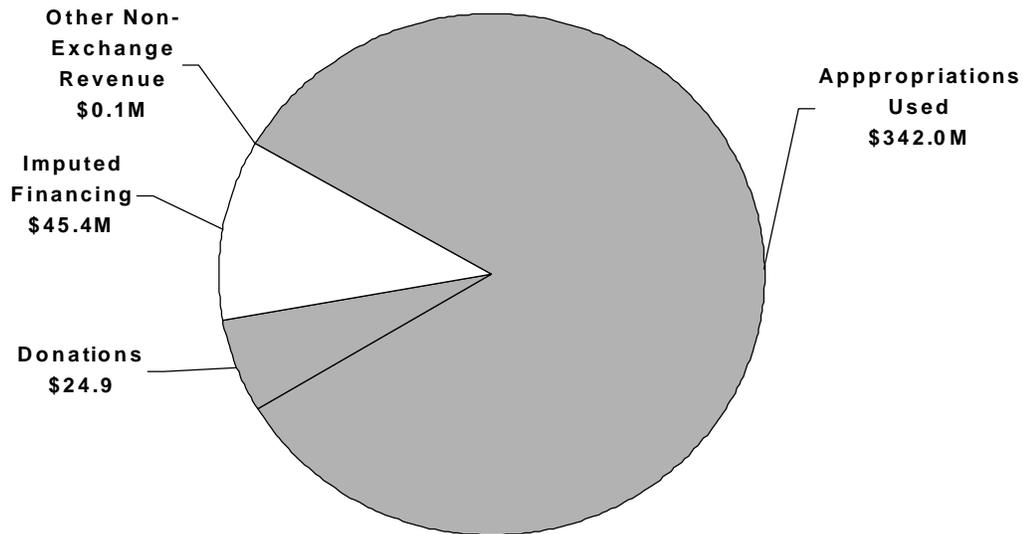
- ▶ **Photoduplication Service** - The Photoduplication Service provides preservation microfilming services for the Library's collections and reprographic services to other libraries, research institutions, government agencies, and individuals in the United States and abroad. Earned revenues were \$5.7 million in fiscal year 1998 and intra-Library transactions of \$3.2 million were eliminated during consolidation.
- ▶ **Cooperative Acquisitions Program** - The Cooperative Acquisitions Program, which is operated by the Library's six overseas field offices, acquires foreign publications and research materials on behalf of participating institutions on a cost-recovery basis. Earned revenues were \$1.5 million in fiscal year 1998.
- ▶ **Recording Laboratory** - The Recording Laboratory provides preservation services for the Library's collections and audio and video duplication services for the general public. Audio and video products are also produced for sale to the general public. Earned revenues for fiscal year 1998 were \$350,000 of which \$180,287 was for intra-Library transactions which were eliminated in the consolidated statements.
- ▶ **Constance Green Fund** - The Constance Green Fund supports the Library's retail marketing sales shop activities. Earned revenues were for fiscal year 1998 were \$1.7 million, of which \$42,992 were eliminated in the consolidated statements.

### **Consolidated Statement of Changes in Net Position**

The purpose of the Consolidated Statement of Changes in Net Position is to provide financial statement users with information about the Library's financing sources and the components of the changes in net position. The Library's financing sources totaled \$413.9 million for the year ended September 30, 1998.

# The Library of Congress

## Consolidated Statement of Changes in Net Position Financing Sources (Other than Exchange Revenue) For the Year Ended September 30, 1998 -- \$412.4 Million



The major source of the Library's funding is from Congressional appropriations for five programs: Library Services, Law Library, Copyright Office, Congressional Research Service, and National Library Service for the Blind and Physically Handicapped. Appropriations used during the fiscal year ended September 30, 1998, totaled \$342.0 million or 82.6 percent of all financing. In addition to appropriations made directly to the Library, other government agencies (i.e., the Architect of the Capitol, the Office of Personnel Management, Government Printing Office) used Congressional appropriations and other financing sources to provide support for the Library's programs totaling an estimated \$45.4 million (imputed financing). The support provided included structural care and maintenance of the Library's buildings and grounds (\$24.2 million), employee benefits (\$20.7 million), and acquisitions exchange services (\$.5 million).

During fiscal year 1998, the Library also received more than 1,100 private gifts to 90 different gift and trust funds that support a variety of new and continuing programs. Major donations include: \$12.6 million for the National Digital Library Program; \$3.7 million to establish *The Bob Hope Trust Fund* in support of the Bob Hope Pavilion of American Entertainment; and \$1.5 million for the James Madison Council Trust Fund. The Library earned \$24.9 million of gift and trust funds in support of the Library's programs during fiscal year 1998.

The Library's net position increased by \$14 million during fiscal year 1998 primarily because of an increase in the amount of gift and trust funds and a significantly greater increase of earned revenue as compared to the increase in program costs.

## **Combined Statement of Budgetary Resources**

The Combined Statement of Budgetary Resources and the related disclosures provide information about how budgetary resources were made available as well as their status at the end of the period. The Budgetary Resources section of the statement presents the total budgetary resources available to the Library. The Status of Budgetary Resources section of the statement presents information about the status of budgetary resources at the end of the period. Finally the Outlays section presents the total outlays of the Library and reconciles obligations incurred to total outlays.

The Library's budgetary resources were \$1.5 billion, of which approximately one-third (\$530 million) were entity funds and the other two-thirds (\$978 million) were non-entity funds. Total outlays of \$357 million were primarily incurred with entity funds (\$332 million), with the remaining being incurred with non-entity funds (\$25 million).

### **KEY PERFORMANCE MEASURES**

Since 1994, the Library's collections have increased from 107.8 million to 115.5 million -- an increase of 7.7 million or 7.1 percent. Over the same five-year period, the full-time equivalent (FTE) staff paid by appropriated funds has decreased from 4,163 to 3,958 -- a decrease of 205 FTE's or 4.9 percent. The annual quantity of print materials cataloged decreased slightly from 279,809 in 1994 to 274,890 in 1998, and the arrearage of unprocessed materials declined by 6.3 million items. The Library's Internet transactions have grown dramatically from 38.4 million in fiscal 1994 to 615.1 million in fiscal 1998. Internet-based systems include three world-wide-web services (THOMAS, LC-Web, and CRS-Web), the Library of Congress Information System (LOCIS), and various file transfer options. These Internet-based systems now record some three million transactions daily. This rapid growth will almost certainly continue to increase because the Library has begun to put online American history collections as the core of a National Digital Library. This program seeks to make millions of items from the Library's unique collections as well as other institutions locally available in electronic form throughout the country by the year 2000.

THE LIBRARY OF CONGRESS							
COMPARISON OF APPROPRIATIONS, STAFF, AND WORKLOAD STATISTICS							
For the Fiscal years 1994, 1995, 1996, 1997, and 1998							
	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	CHANGE 1994 - 1998	% CHANGE
<b>LIBRARY APPROPRIATIONS - ACTUAL</b>	\$330,864,000	\$348,230,000	\$352,399,000	\$361,896,000	\$377,207,000	\$46,343,000	14.0%
<b>FULL-TIME EQUIVALENT (FTE) POSITIONS (Appropriated)</b>	4,163	4,180	4,114	4,010	3,958	-205	-4.9%
<b>SIZE OF LIBRARY COLLECTIONS</b>	107,814,587	108,433,370	111,080,666	113,026,742	115,505,695	7,691,108	7.1%
<b>WORKLOAD STATISTICS:</b>							
Unprocessed Library Arrearages	25,431,296	22,491,071	20,970,523	19,952,205	19,090,657	-6,340,639	-24.9%
CRS - Requests & Services Provided Congress	536,000	492,000	487,000	531,162	560,423	24,423	4.6%
Loans of Collections to Congress	43,465	36,368	31,026	30,708	30,614	-12,851	-29.6%
Copyright Claims Registered	530,332	609,195	550,422	569,226	558,645	28,313	5.3%
Copyright Inquiries	402,163	500,746	432,397	421,150	395,456	-6,707	-1.7%
Services to the Blind & Physically Handicapped (BPH) - Readership	777,300	772,100	776,000	764,800	769,000	-8,300	-1.1%
BPH - Books & Magazines; Total Circulated	22,586,000	22,909,400	22,908,900	22,437,900	22,500,000	-86,000	-0.4%
BPH - New Braille & Audio Books & Magazines Titles	2,327	2,328	2,568	2,691	2,755	428	18.4%
Print Materials Cataloged	279,809	276,348	289,509	289,154	274,890	-4,919	-1.8%
National Coordinated Cataloging Operation (NACO) - LC Contribution	114,333	124,911	115,714	118,054	186,515	72,182	63.1%
National Coordinated Cataloging Operation - Outside Contribution	78,176	96,655	106,182	146,858	173,721	95,545	122.2%
Exhibits, Displays, & Publications (Funded by Appropriations)	31	27	15	14	14	-17	-54.8%
Regular Tours	29,952	47,300	47,847	56,716	73,400	43,448	145.1%
Reference Service	1,198,358	1,145,757	1,129,952	1,094,588	1,101,717	-96,641	-8.1%
Main Reading Room & Five Other Reading Rooms Hours Per Week	65	65	65	65	65	0	0.0%
Items Circulated	2,403,002	2,289,981	2,175,075	2,070,798	2,105,278	-297,724	-12.4%
Preservation Treatment - Original Format	288,111	339,636	274,086	309,597	354,027	65,916	22.9%
Mainframe Computer Transactions	152,095,306	197,216,679	204,297,492	247,691,844	270,259,005	118,163,699	77.7%
Machine Readable Cataloging (MARC) Records	25,090,965	26,100,661	26,320,667	27,519,078	28,093,497	3,002,532	12.0%
Internet Transactions (i.e., LOCIS, MARVEL, WORLD-WIDE-WEB, and THOMAS public transactions)	38,422,986	92,873,807	134,416,660	345,221,229	615,149,938	576,726,952	1501.0%

Other noteworthy workloads include the following:

- ▶ The number of Congressional requests and services annually provided by the Congressional Research Service (CRS) increased from some 536,000 in 1994 to 560,000 in 1998.
- ▶ The annual number of registrations in the Copyright Office increased by 28,313 from some 530,000 in 1994 to 558,000 in 1998, and the number of copyright inquiries answered decreased by 24,503 from 1997 to 1998.
- ▶ The number of information requests handled by reference staff decreased from 1.2 million in 1994 to 1.1 million in 1998, which parallels the increase in Internet usage.
- ▶ The number of free reading materials delivered across the country each year to the blind and physically handicapped remained relatively stable at 22.5 million in 1998.

## MAJOR ACCOMPLISHMENTS IN FISCAL YEAR 1998

During fiscal year 1998, the Library provided objective, timely, nonpartisan, and confidential legislative support to the Congress on a wide range of issues; improved services to the Congress and the nation through technology including dramatic increases in Internet usage and the receipt of many Internet awards; reduced our uncataloged backlog by another 861,000 items; received an unqualified "clean" audit opinion on the Library's fiscal 1997 consolidated financial statements; and improved the Library's physical and collections security. Highlights of these and other major achievements are listed below:

- ▶ **Strategic Plan (1997 - 2004)** - The Library's 1997-2004 Strategic Plan identifies the mission, priorities, values, and objectives to take the Library into the 21st century (see attachment 1). Building on the plan, the Planning, Management and Evaluation Directorate (PMED) linked the plan's objectives to the budget during fiscal year 1998 by defining core processes and developing an annual program performance planning process. PMED also began to incorporate strategic planning training into Library operations. Continued integration of planning and budgeting processes will enable the Library to effect efficient management of resources. Many of the accomplishments listed in this section reflect progress in achieving Strategic Plan objectives.
- ▶ **CRS Legislative Support to Congress** - CRS assisted the Congress in dealing with the full range of its domestic and international concerns. Among the domestic issues addressed by the Congress in fiscal year 1998 were banking and finance, campaign finance reform, clean air, congressional legal concerns, education, and patient protection legislation. In the international sphere, the Congress dealt with defense policy and budget, foreign policy and regional issues, and global financial crises and the international financial system.
- ▶ **Copyright Office Legislative Support to Congress** - The Congress passed several major pieces of copyright legislation during fiscal year 1998 and at the start of fiscal year 1999, including the Digital Millennium Copyright Act (DMCA). Pursuant to its long-standing role as an expert advisor to the Congress and the Administration on policy and international matters (a role expressly recognized in the DMCA), the Copyright Office provided policy advice and technical assistance to the Congress on enacted legislation, as well as other important copyright legislation considered by the House and Senate.
- ▶ **Providing Better Services to the Congress and the Nation through Technology** - The Library continues to improve its cataloging, copyright, research, management, and delivery systems through the development and use of technology-based systems, services, and products that improve the ability to serve the Congress and the nation more efficiently and effectively. The Library has received numerous awards for providing access to the content of the collections. Specific achievements during fiscal year 1998 include:
  - ◆ **Development of a Legislative Information Retrieval System (LIS)**. Working with the Committee on House Oversight, the Senate Committee on Rules and Administration, in consultation with the House and Senate Subcommittees on

Legislative Branch Appropriations, the Library and CRS developed a plan for a single integrated legislative information retrieval system to serve the Congress. The Library and CRS updated the LIS plan and briefed Congressional staff on scheduled development work for 1998. Since the initial delivery of the Library's portion of the LIS, the Library has collaborated with House and Senate staffs to determine the most useful new search features and new content to add to the LIS. The House decided to retire its legacy system in 1999 and to rely on LIS for its legislative information. To ease the transition, the LIS was enhanced with more traditional search features familiar to legacy system users. Joint planning for data exchange among the House, Senate and Library occurred throughout fiscal year 1998, and decisions on compatible technologies were made to ensure that information would flow smoothly from all Legislative Branch agencies into the LIS. Two major development efforts begun in fiscal year 1998 and scheduled for completion by the start of the 106<sup>th</sup> Congress are: (1) enhanced retrieval features for CRS's Bill Summary information, Issue Briefs, and CRS Reports and (2) the integration of Executive Communications and CRS Products into the LIS, which will replace and retire the mainframe counterparts of these files. In addition, the underlying search engine was kept current by conversion to the latest release, as well as enhancement of search capabilities specifically designed for the LIS. The LIS also added more links to House and Senate information, increasing its prominence as the central point for locating legislative information.

- ◆ **Electronic Briefing Books.** CRS created three new prototype electronic briefing books on the CRS Home Page highlighting issues on the congressional agenda — electric utilities, global climate control, and tobacco — which offer instant, comprehensive access to information, analysis, key documents, and historical perspectives on legislative issues before the Congress. Interactive electronic formats enable users to customize their online research. All briefing books include common elements (such as CRS products and experts and links to related issues and web sites), but each is individually designed in the best way to present its subject. New information is added as major legislative or regulatory action occurs. CRS plans to offer a broader range of briefing books in the future and continues to explore new presentation formats.
  
- ◆ **Thomas Internet System.** Since January 5, 1995, **THOMAS**, a world wide web (WWW) based Internet resource, has provided searching and access to legislative information and links to other legislative Internet resources. During fiscal year 1998, the amount of legislative information in THOMAS doubled through the addition of earlier files to provide continuous coverage from the 101<sup>st</sup> through the 105<sup>th</sup> Congress for Congressional Record and Text Legislation, and from the 103<sup>rd</sup> through the 105<sup>th</sup> Congress for Committee Reports. Searching features in THOMAS were enhanced through a new release, which permits more accurate searching of Member names in the Congressional Record and provides a list of words in the database to confirm search terms and highlighting of search terms found in the text of Committee Reports. For the first time, the Congressional Record results could be downloaded, and the download feature

for Bills was improved. In the News feature, the new "Congress" entry helped patrons look up legislation by the popular title heard in the media, and the new Medicare Commission website was developed and hosted by THOMAS in early 1998. Public email to THOMAS continued to be handled in a timely manner, and THOMAS continued to receive many messages thanking the Library for this service, especially from the new users who discovered THOMAS when searching the Starr Report. At the request of the Congress, the Report of the Independent Counsel was mounted on THOMAS in mid-September, followed by two subsequent releases of testimony. The average 9.3 million monthly transaction volume for THOMAS increased to 19 million for the month of September. As of September 30, 1998, more than 220 million transactions had been processed by THOMAS since its inception in January 1995; more than half of these transactions occurred in fiscal 1998.

- ◆ **Global Legal Information Network (GLIN).** GLIN is a cooperative international network in which nations are contributing the full, authentic text of statutes and regulations to a database hosted by the Law Library of Congress. The Library put into production a new release of GLIN in March 1998 with expanded search capabilities and enhanced security features. The Library also demonstrated a prototype for the input of a new category of legal information, legal writings, at the Fifth Annual GLIN Project Directors Meeting in September 1998. There are twelve member countries participating via the Internet, and the Library projects that three GLIN member nations will be added each fiscal year.

- ◆ **Internet Access.** The Library is providing more and more information to the Congress and the public via its Internet-based systems including three world-wide-web services (THOMAS, LC-Web, and CRS-web), the Library of Congress Information System (LOCIS), and various file transfer options. The average number of monthly transactions on the Library's public computer system increased to more than 60 million during fiscal 1998. In September 1998, the Library recorded 83 million transactions from both internal and public systems, more than double the fiscal 1997 monthly average.

"Public Access to the Internet" workstations were made available in many of the Library's reading rooms during fiscal year 1998, and as a result, the Internet and the world wide web gained increasing importance in reference service.

- ◆ **National Digital Library.** The National Digital Library Program (NDL) made significant progress during fiscal year 1998 toward the ambitious goal of making a critical mass of Americana freely accessible by the year 2000, the Library's Bicentennial. As of the end of fiscal year 1998, more than 1.4 million Library of Congress digital files were available on-line. In addition, the Library sponsored efforts to make on-line access available to another 13,900 digital files from other collaborating institutions. More than two million digital files, from both our own archives and through collaborations with other great repositories, are underway in various stages of production. The Library continues to enhance and expand access to on-line content through educational tools such as "Today in History"

and the Learning Page, the 1998 Educator's Institute, the onsite Visitor Center, and other related user outreach activities.

**Library of Congress Collections Placed On-line.** The National Digital Library Program placed eighteen new collections, presentations, first releases, and previews on-line in fiscal year 1998. Many collections were presented in their entirety. For other larger, more extensive collections, such as the George Washington Papers and the Century of Law Making Collection, NDL presented just the first release of significant collection content to come on-line in the near future.

**Library of Congress Ameritech Competition Collections Placed On-line.** Fiscal year 1998 was the second year of the three-year nation-wide competition which provides financial and technical support to other archives and institutions in digitizing historically significant American collections. The Library conceived of this project that the Ameritech Corporation has funded. We awarded a total of \$540,980 for seven projects involving eleven institutions. Two winning collections from the fiscal year 1997 inaugural competition debuted on-line during fiscal year 1998 and are accessible from the American Memory homepage. A total of twenty-one award winners now have received support for their digitizing efforts.

**Today in History.** This on-line feature highlights events in American history, by specific searchable dates, in a brief essay that is linked to the Library's digitized collections. This feature celebrated its first anniversary in April 1998 with the addition of a searchable archive providing access to all essays to date. "Today in History" is popular with history and social studies teachers who post it in their classrooms or use it as a lively discussion topic for opening the day's class.

**The Learning Page.** The Learning Page existing Pathfinder indexes were updated to include eight new American Memory collections and eight additional "Learn More About It" documents. The Page celebrated Women's History Month with the special presentation "Pioneering Women." In addition to nine new teacher-developed lesson plans, the newly released George Washington Papers now appear with the lesson plan, "In Congress Assembled." "The Big Picture," teaches school children visual literacy with a weekly jigsaw image from American Memory. The "Historical Detective" series added features on Billy the Kid and Helen Keller.

**1998 Educators' Institute.** The week-long Educators' Institute brought fifty educators from 17 states (and the District of Columbia) to Washington, D.C. to explore use of primary sources in education, to develop lesson plans that draw upon the Library's American Memory online collections, and to share teaching ideas on-line with other teachers elsewhere. In its second year, the program now has brought to the Library 100 educators from 29 states across the nation and has the goal of reaching all 50 states by the year 2000.

**Link to Department of Education's FREE and Participation in American Strategies.** All American Memory collections and Learning Page materials are individually indexed by topic and made available via the Federal Resources for Educational Excellence (FREE), a Web gateway to educational materials, sponsored by the Department of Education. American Strategies, similarly, is a collaborative effort of federal cultural institutions to showcase their collections through one gateway, demonstrating the enormous richness of Federal archives through the Internet.

**National Digital Library Visitors' Center.** For fiscal year 1998, the Center hosted more than 600 programs for more than 8,000 visitors. Among the programs was a week of presentations to attendees at the American Library Association annual conference. Center staff answered 5,074 email requests for information.

**Planning for Future Content.** The National Digital Library Advisory Group, a distinguished panel of librarians, educators, and historians met on April 27, 1998, to hone selection criteria for future Library collections and suggest suitable ways to handle sensitive materials in the Library's Web collections. The group also identified what they believed to be the most desirable Library collections to digitize from among more than 200 under consideration. Expanding the Library's collaborative efforts, NDL began an initiative, made possible by a Mellon Foundation Grant, which will provide future access to selected content of the New York Historical Society and the Chicago Historical Society.

- ◆ **ACCESS System.** The Library's ACCESS system, a user-friendly way for readers visiting a reading room to access the Library's information files electronically without training or assistance, now operates in many locations at the Library and in several House and Senate locations. The ACCESS system, including an Internet/ Web version, will continue to handle inquiries until a new public access catalog becomes available through the Library's Integrated Library System now being installed.
- ◆ **Geographic Information System.** The Geography and Map Division (G&M) is a leader in the cartographic and geographic information communities through its work in Geographic Information Systems (GIS). G&M continues to work closely with the Congressional Research Service and Congressional Relations Office to produce customized maps and geographic information for Members of Congress and with the National Digital Library to digitize cartographic materials for electronic access throughout the nation. Working closely with private sector partners, G&M continued to expand the collection of large-format images available through the Internet. A second major map collection, Railroad Maps, was introduced on June 24, 1998. By the end of the fiscal year, 1,522 maps (4,971 images) were made available to the world through the *Map Collections* homepage, which now averages more than 350,000 computer transactions each month.

◆ **Projects in Development and Test Status:**

(1) The **Copyright Office Electronic Registration, Recordation and Deposit System (CORDS)**, a major developmental system for digital registration and deposit of copyrighted works over the Internet, uses the latest advances in networking and computer technology. It is being developed by the Copyright Office in collaboration with national high-technology research and development partners (Defense Advanced Research Projects Agency and Corporation for National Research Initiatives). CORDS is a key component of the global infrastructure for digital libraries of the future. CORDS will also help the Copyright Office streamline its internal registration, recordation and deposit processes, as well as provide the Library of Congress with copies of new copyrighted works in digital form for its National Digital Library repository.

**Status:** The Copyright Office continues to develop, test, and enhance the basic CORDS production system and is systematically building toward national implementation in the year 2000 for electronic registration and deposit of copyrighted works over the Internet. As many as 100,000 works in digital form could be received through CORDS annually by the year 2004.

(2) The **Electronic Cataloging in Publication (ECIP)** project is enabling the Library to obtain texts of forthcoming publications from publishers via the Internet, catalog them entirely in an electronic environment, and transmit the completed catalog records via email to the publisher for inclusion on the copyright page of the printed book.

**Status:** Implementation of the full production system is planned for the first quarter of fiscal year 1999.

(3) The **Integrated Library System (ILS)** project achieved several major milestones during fiscal year 1998. The Library awarded a contract in May 1998 to the Endeavor Information Systems, Inc. (EISI) for its Voyager integrated software system and initiated both implementation and testing tasks. At the direction of the Congress, the Library worked with GAO to develop a methodology for monitoring, tracking, and reporting to the Congress both costs and savings from the ILS initial implementation. This methodology was detailed in the ILS Implementation Plan, which was distributed to the Congress in April 1998. The first Quarterly ILS report was forwarded to the Congress in October and covered the implementation activities from contract award (May 15) through the end of fiscal year 1998. The new system will improve automation support for bibliographic control and inventory management activities at the Library through the use of a shared bibliographic database which integrates all major Library Services functional areas, such as acquisitions, cataloging, serials management, circulation, inventory control, and reference.

**Status:** The ILS is scheduled to be operational at the beginning of fiscal 2000. Precise analysis of ILS production costs and savings will be developed after the system is fully operational. The Library expects that any major savings from the ILS would begin to accrue at the end of fiscal year 2000 and be recognized in the Library's fiscal year 2001 budget and beyond.

- **Year 2000 Century Change** - The impending century change will affect Library systems that are date-dependent. Hardware and software systems that require specific dates to

execute must be modified or replaced with systems capable of functioning with four digit dates in order to distinguish between the year "1900" and "2000." To prepare for the transition to the Year 2000, the Library has developed a detailed Year 2000 plan using General Accounting Office (GAO) guidance. The Library has assigned leadership responsibilities, managerial and technical, for planning and program implementation and is participating in the GAO Year 2000 Legislative Branch progress review. Both mainframe and UNIX systems' time machines and an HourGlass 2000-test tool are being used in renovating, testing and implementing software. The mainframe and UNIX testing guidelines were developed using GAO guidance for staff to follow in developing detailed system level test plans. An automated tracking system was developed and initiated to track and monitor Year 2000 progress. During fiscal year 1998, the Library has identified 99 mission-critical systems, 41 of which are renovated, 16 are validated and 15 are implemented. The Library and its service units are beginning to address and develop the contingency plans for the mission-critical systems.

- ▶ **Security of Facilities, Staff, and Collections** - During fiscal year 1998, two of the Library's Congressional oversight committees, House Oversight and Senate Rules and Administration, approved the comprehensive Security Plan that was completed at the end of fiscal 1997. The plan provides a framework for the security of the Library's physical facilities, collections, facilities, staff, visitors and other assets; and at the end of fiscal year 1998, the plan was being updated to reflect major physical security changes resulting from the July 1998 Capitol Hill shooting and the two U.S. embassy bombings in Africa. The Library installed and activated new state-of-the-art magnetometers and increased police presence at public entrances (four) and the James Madison building loading dock and garage ramps following these events. Exterior patrols were also increased in response to crimes near Library property. An automated database was developed to track the status of all unmet requirements addressed in the Security Plan including projected cost estimates. The Library used the database to develop fiscal year 2000 budget priorities.

At the start of fiscal year 1999, the Congress approved the Library's emergency supplemental budget request for major physical security improvements, including: the consolidation of the two police command centers; integration and upgrading of intrusion detection systems; increased police staffing, including training, equipment, and support personnel; additional exterior, closed circuit television monitoring equipment; improved access control including vehicle barriers, curb walls, perimeter bollards, and secure police shelters; modification of building entrances for full entry screening and improved exterior lighting.

Other security improvements include: (1) Police-issued equipment was improved (i.e., weapons, radios, body armor); (2) Security awareness and training was enhanced; (3) Significant security support was provided to the Interpretive Programs Office including the installation of extensive electronic and physical security controls and the provision of security guards to protect the major exhibits. The use of security guards in reading rooms was extended to the Main Reading Room, where restrictions went into effect concerning the bringing of personal belongings into the reading room; (4) The Library

completed work on several safeguards for its computer resources, including computer security incident handling and an automated asset management system to keep track of all security measures for software maintained by Information Technology Services (ITS). A firewall has been procured, and a comprehensive user administration tool was installed; and (5) The Copyright Office completed additional risk assessments of Performing Arts, Visual Arts, Literary, Serials, and Motion Picture materials and implemented a number of security recommendations including the application of accession labels to CD/CD-ROM jewel cases and security tags to paperback books and the purchase of locking portable tubs to provide secured handling of select materials.

- ▶ **Arrearage Reduction/Cataloging** - The Library continued to focus on arrearage reduction during fiscal year 1998, reducing the arrearage total by 861,548 items while maintaining currency with new receipts. This represents a cumulative reduction of 51.9 percent of the amount on hand at the time of the initial arrearage census in September 1989 -- from 39.7 million to less than 19.1 million. The processing of print materials continues at very high levels, even as staffing levels continue to drop -- in fiscal year 1998 staff created cataloging records for 274,890 volumes and inventory records for an additional 128,042 items. The Library continued to take advantage of varied approaches to processing materials to gain the greatest benefits in production and arrearage reduction: copy cataloging; beginning implementation of a less full, "national core" record; focusing on completely eliminating particular arrearages; and judicious use of contract cataloging. Building on the momentum generated by the Program for Cooperative Cataloging (PCC) in the past two years, cooperative arrangements have continued to flourish. PCC member institutions increased by 100 during fiscal year 1998 to a record high of 339 and once again contributed record-breaking numbers of bibliographic records (57,926 including 37,559 for monographs and 20,367 for serials), name authorities (161,446), subject authorities (2,159) and Library's classification proposals (883), with additional contributions of 9,233 series authorities.

Some processing accomplishments for fiscal year 1998: an arrearage of 17,000 serial pieces in the American Folklife Center was completely eliminated; arrearages of Indonesian microfiche, Vietnamese serials, and South Asian monographs were eliminated; a contract provided minimal-level or core-level cataloging for nearly two thousand arrearage items in Central Asian languages which are written in the Cyrillic script; a similar contract resulted in the processing of nearly 1,000 items in Romance languages; a privately-funded visiting Soros Fellow completely cleared the monographic arrearage of Albanian social science materials; inventory-level cataloging was created for a total of 14,847 items from the Copyright Cassettes Collection, which includes rhythm and blues music, contemporary Christian music, gospel music, and recorded accompaniments; and the arrearage of Japanese monographs was reduced from -- 29,814 items to 9,742 -- a two-thirds reduction in a single year.

The Program for Cooperative Cataloging and the Cooperative On-line Serials Program, the Library's cooperative cataloging programs for monographs and serials respectively, were consolidated into a single program on October 1, 1997. This merger will increase efficiency and enhance the Library's ability to obtain high-quality cataloging records from participating institutions with minimal additional processing, allowing the Library's

catalogers to focus on processing materials in more esoteric languages and to focus on arrearage reduction efforts.

- ▶ **Off-Capitol Hill Collections Storage** - Linked to the Library's arrearage reduction project is the development of a secondary storage site to house processed materials and to provide for growth of the collections through the first part of the 21st century. During fiscal year 1998, the Congress authorized (P.L. 105-144) the Architect of the Capitol (AOC) to acquire, on behalf of the Library, real property and improvements in Culpeper, Virginia, for use as a National Audio-Visual Conservation Center. In August 1998, the Library began to store reels of film at the new center. The Library and the AOC are working with the Packard Foundation, the donor of the facility, to renovate and make the new center ready for full use. The Center is not slated to be transferred to (acquired by) the AOC until fiscal year 2001. A due diligence analysis was initiated in February 1998 and completed in May 1998. The master plan for the renovation and development of the site was also completed on September 30, 1998. The master plan included options for occupancy that are being reviewed by the Library's oversight committees.

The Library also continued to work closely with the AOC and their contractors, during fiscal year 1998, to ensure that the first storage module at the Fort Meade, Maryland, campus meets the necessary environmental requirements to house and preserve the transferred collections and that materials handling will be as efficient as possible. The AOC has advised the Library that construction of the first module will be completed and the building ready for occupancy during the middle of calendar year 2000. The initial module will contain cardboard boxes on wide-span shelving and house paper-based collections, primarily books.

- ▶ **Preservation Improvements** - The Library took action during fiscal year 1998 to improve the preservation of its vast and diverse collections by (1) completing the mass deacidification treatment of 80,000 additional volumes in American history using the Bookkeeper limited-production contract; (2) increasing processing efficiency through the elimination of redundant keying of data by creating an interface between the binding automation system and the Library's bibliographic database; (3) increasing production in binding (by 21 percent), in-house repair (by 21 percent), and boxing (by 30 percent) of Library materials; (4) completing the specifications for an internal text-page label which eliminates keying errors through the use of an LCCN barcode; (5) establishing guidelines to assess the condition of brittle books, reformatting only those books deemed "too brittle to serve" and boxing those books considered "brittle but serviceable"; and (6) publishing and distributing an illustrated teaching guide American Book Covers, 1830-1900 (prepared by Sue Allen in collaboration with Library staff) to educate staff about the value of 19<sup>th</sup> century items often found in the Library's collections.
- ▶ **Copyright Arbitration Royalty Panels (CARPs)** - During fiscal year 1998, the Copyright Office concluded five CARP proceedings, setting rates for: (1) the satellite compulsory license, 17 U.S.C. 119; (2) the mechanical license, 17 U.S.C. 115; (3) the digital performance license, 17 U.S.C. 114; and (4) the non-commercial broadcasting

license, 17 U.S.C. 118. The fifth proceeding determined the final distribution of the 1991 cable royalties among the claimants in the music category. Each proceeding required oversight of preliminary negotiations among the parties, participation in pre-controversy discovery, administration of hearings, and review of the final report of the CARP. The Copyright Office also assisted the Department of Justice in the preparation of two appellate briefs filed in the United States Court of Appeals for the D.C. Circuit in support of the Librarian's final order determining the distribution of the 1992, 1993 and 1994 DART royalties and his order setting the rates for the satellite compulsory license.

- ▶ **Implementation of the Copyright Restoration Provision of the GATT Uruguay Round Agreements Act** - Effective January 1, 1996, this act restored the copyrights in a vast number of foreign works that were previously in the public domain in the United States. From October 1997 through September 1998, the Copyright Office processed 6,250 documents containing 23,140 restored titles. The Copyright Office also processed 1,518 GATT registrations and 213 GATT Group registrations.
- ▶ **National Library Service for the Blind and Physically Handicapped (NLS)** - During fiscal year 1998, NLS continued to refine and improve the Library's free, national reading program as highlighted by three major accomplishments: (1) **Development of a Digital Talking-Book Technology** - NLS made major advances in the development of a digital talking-book system by issuing a seventy-two page report, *Digital Talking Books: Planning for the Future*, which outlines both the planning scope and the steps required to develop digital talking books, by nearing completion on digital talking book standards under the auspices of the National Information Standards Organization (NISO), and by establishing a committee to oversee the development of the new digital technology with the naming of a seventeen-member executive and steering committee; (2) **Improvement of the Machine-Repair Program** - NLS improved its nationwide machine-repair training and recognition program, in cooperation with the Telephone Pioneers of America, the Elfun Society, and other repair volunteers. The national "train the trainer" program, begun in 1996, has reached all but the smallest groups and a new machine-repair training video is will provide an additional level of national assistance to volunteers; and (3) **Development of Automation Improvements** - NLS enhanced its web page by adding a wide range of program publications, by introducing digital files for full-text braille books and by nearing completion of a new copy allotment system and a new version of the Production Information Control System (PICS) that streamlines data collection in the processes of book and magazine production.
- ▶ **American Folklife Center (AFC)** - A major milestone was achieved at the very end of fiscal year 1998 when the conferees for the Legislative Branch Appropriations Act of 1999 approved a provision to authorize permanently the AFC. The conference agreement was approved subsequently by both the House and Senate and signed into law by the President on October 21, 1998 (P.L. 105-275). In fiscal year 1998, the American Folklife Center made available on-line two new collections as part of the National Digital Library Program: *Voices from the Dust Bowl* (The Charles L. Todd and Robert Sonkin Migrant Worker Collection), documentary materials gathered in California in the 1940s at Farm Security Administration workers communities; and *Buckaroos in Paradise: Ranching Culture in Northern Nevada, 1945-1982*, interviews, photographs,

and film footage from the Ninety-Six Ranch in Paradise Valley, Nevada. At its annual meeting in Memphis, Tennessee, February 12-13, 1998, the North American Folk Music and Dance Alliance presented the Center with a Lifetime Achievement Award, designed to honor members of the folk community who have made lifelong contributions to sustaining and enriching the fields of folk music and dance.

- ▶ **Bringing Treasures to the People** - The Library's collections were shared with hundreds of thousands of Americans through exhibitions, special events and symposia, traveling exhibits, and major publications. The Library continues to lead the Nation in the presentation of on-line exhibitions which now number 19. Three new exhibit spaces opened in fiscal year 1998. The Thomas Jefferson building visitor's gallery opened in February with the **African American Odyssey**, a comprehensive overview of the Library's significant and rich holdings documenting African American history. The Swann Gallery of Caricature and Cartoon and the Gershwin Room also opened to considerable acclaim. These new public spaces, together with the American Treasures exhibit space which opened in fiscal year 1997, represented the start of a more public role for the Library, its Thomas Jefferson building, and its exhibitions and accompanying programs.

- ◆ Major exhibitions included: **American Treasures of the Library of Congress** which rotates artifacts and Top Treasures (George Washington's commission as commander of the Continental Army signed June 19, 1775; Lincoln's first draft of the Emancipation Proclamation, written July 22, 1862; Thomas Jefferson's "rough draft" of the Declaration of Independence; and Christopher Columbus' Book of Privileges) every three months; **African American Odyssey** which provided for the first time a comprehensive overview of the Library's vast and diverse fund of African American materials and was the first exhibition to be shown in all three Library buildings; and **Religion and the Founding of the American Republic**, which explored the role religion played in the founding of the American colonies, in the shaping of early American life and politics, and in forming the American republic.

Other exhibitions included: **The Thomas Jefferson Building: "Book Palace of the American People,"** which celebrated the 100<sup>th</sup> anniversary of the original Library of Congress building which opened to the public on November 1, 1897; **Monstrous Craws and Character Flaws** which opened in the Swann Gallery and included works by modern artists such as Gary Trudeau, Robert Minor, Dale Messick, Jules Feiffer, and Al Hirschfeld; **Here to Stay: The Legacy of George and Ira Gershwin**, a continuing exhibition that pays tribute to the outstanding and enduring contribution to American music by this illustrious musical team; **Oliphant's Anthem: Pat Oliphant at the Library of Congress**, which featured approximately seventy items including political drawings, working sketchbooks, paintings, monotypes and sculpture spanning the career of Pat Oliphant; **From Sea to Shining Sea: An American Sampler of Children's Books from the Library of Congress**, which featured fifty-four of the 200,000 books housed in the Library's Children's Literature Center; **Zion's Call: A Library of Congress Exhibition Marking Israel's Fiftieth Year**, which contains Judaic treasures

relating to the founding of the State of Israel in 1948; **The Birth of Czechoslovakia: October 1918**, which commemorated the eightieth anniversary of the founding of Czechoslovakia.

- ◆ The Library's traveling exhibition program continued during fiscal year 1998 with **The Work of Charles and Ray Eames: A Legacy of Invention**, a collaboration between the Library and the Vitra Design Museum, Weil am Rhein, Germany, which presented the unparalleled Eames collections of the two institutions first at the Vitra Design Museum and then in Denmark and London. The exhibition will open at the Library of Congress, its first U.S. venue, in May 1999. **Sigmund Freud: Conflict and Culture**, opened in October 1998 and inspired widespread media discussion with its exploration of Freud's thought and influence on 20<sup>th</sup> century culture. The exhibition includes more than 170 items, 200 film clips, and popular cultural images from the collections of the Library and other important collections. In addition to presenting exhibitions within its own galleries, six exhibitions (**Women Come to the Front: Journalists, Photographers, and Broadcasters During World War II; Cultural Landscape of the Plantation; Paradox of the Press; In Their Own Voices; From the Ends of the Earth; and Documenting America**) were sent to twelve sites in ten states.
- ◆ The Visitor Services Office conducted 2,732 tours for 60,465 visitors; conducted 532 tours for 10,022 congressional constituents; and arranged for 655 professional appointments for 3,076 VIPs, professionals, and students representing 81 different countries. The Office initiated a full-scale volunteer program with the training and assignment to duty of 110 volunteers. These volunteers provided 21,589 hours of service, conducted 1,811 public tours, and responded to inquiries from 187,471 visitors.
- ◆ Co-publishing arrangements with trade publishers, in fiscal year 1998, included **Eyes of the Nation: A Visual History of the United States** (Knopf), which won numerous awards and appeared on many "best of" lists; **The Library of Congress: The Art and Architecture of the Thomas Jefferson Building** (Norton); **Oliphant's Anthem: Pat Oliphant at the Library of Congress** (Andrews McMeel Publishing); and **Remembering Slavery: African Americans Talk about Their Personal Experiences of Slavery and Freedom** (The New Press).
- ◆ **Library of Congress Cybercasting.** In pursuit of the latest viable Web technologies, the Library supported a Web broadcasting pilot program. The pilot explores the practicality of a regular nightly Library cybercast in the year of the Library's Bicentennial. The first pilot cybercast was conducted by the Music Division in February, 1998 featuring a concert by flutist Jean-Pierre Rampal from the Coolidge Auditorium.
- ◆ The bi-monthly Civilization magazine, which is published under a licensing agreement with the Library, completed its fourth year of publication with nearly 250,000 paid subscribers who are also Library of Congress Associates.

- ▶ **Restoration and Renovation of the Thomas Jefferson and John Adams Buildings -** During fiscal year 1998, the Library completed a number of moves and actions that are part of its multi-year plan to outfit and occupy the remaining renovated spaces of the Thomas Jefferson and John Adams buildings. Major items included relocating the Federal Library and Information Center Committee from Market Square to newly renovated space in the John Adams building; completing renovation of the Swann Gallery, the Gershwin Room, and the Coolidge Auditorium; and nearly completing the roof replacement project, which is expected to be finished before the end of calendar year 1998.

With the complete restoration of the Thomas Jefferson building, the Library has been able to support the work of the Congress by providing the Members Room and other building facilities for legislative and policy retreats, leadership convocations for the House and Senate, and opportunities for Members of Congress to meet with large groups of constituents. More than 75 events were held by Members for these purposes during fiscal year 1998.

- ▶ **Human Resources Improvement -** During fiscal year 1998, the Library's Internal University (IU) enhanced management and workforce knowledge and skills by coordinating over 100 different courses in 559 class sessions. Training courses covered facilitative leadership, computer software, and administrative management for first-line supervisors. In partnership with Scholarly Programs, IU established "Collections, Connections, and Service," a series of lectures based on the collections to enhance staff knowledge and awareness of the richness and diversity of the Library's holdings. IU also established the quarterly "Leadership Lecture Series," a forum for managers and staff to learn from top corporate, government and leadership scholars about current, effective leadership practices and techniques. IU has formed professional partnerships with other Federal training leaders to benchmark government training and build a database of successful key training programs to develop strategic links and joint ventures to maximize return on scarce training resources.

Developing an awareness of the richness and diversity of our staff is an ongoing Library priority. By the end of fiscal year 1998, 80 percent of all staff members had attended a one-day Basic Awareness Training session. A new web-based diversity training software program was developed during fiscal year 1998 and piloted during October 1998. This training is being provided via the Internet so that the course can be taken at the convenience of the manager or supervisor and cause minimal disruptions in daily work schedules. A Diversity Advisory Council, made up of representatives from each Library organization, meets monthly to address diversity issues and to co-sponsor programs that highlight the diversity of our staff and collections.

- ▶ **Financial Statement Audit Opinion -** In March 1998, the Library's independent accountants, Clifton Gunderson, LLC, issued an unqualified "clean" audit opinion on the Library's fiscal year 1997 Consolidated Financial Statements. In addition to the second consecutive "clean" audit opinion, the auditors found no material internal control weaknesses, and the number of reportable conditions decreased from seven to six.

The preparation of auditable financial statements represents the fulfillment of a basic agency responsibility to safeguard the handling of public monies, and the Library plans to continue the preparation and audit of annual financial statements. While substantial progress has been made to improve the accountability of the Library's resources, the audit report recommends further improvements in the Library's financial controls and in the control of the Library's collections. The Library's strategic plan contains objectives to address the auditor's recommendations.

- ▶ **Gift and Trust Funds** - During fiscal year 1998, more than 1,100 private gifts to 90 different Library funds supported a variety of new and continuing programs, including: the National Digital Library (NDL); the Junior Fellows Program; the opening of two major exhibitions featuring Library collections: *African American Odyssey, Religion and the Founding of the American Republic*; and the preparation for a third major exhibition: *Sigmund Freud: Conflict and Culture*. Gifts also supported preparation for a major joint exhibit with the British Library scheduled to open in 1999 (i.e., *The Ties of Our Common Kindred: Four Centuries of British-American Relations*), the National Film Registry Tour, the Center for the Book, and many other Library activities (e.g., retrospective acquisitions, purchases for the general collections, outreach programs for the blind and physically handicapped, poetry readings, public lectures, concerts, Congressional retreat and seminar programs, the Children's Literature Center, the Indian publications microfilming project, the Montana Heritage Project, and the Geography and Map Division). Twenty new gift and trust funds were established including *The Bob Hope Fund* in support of the Bob Hope Pavilion of American Entertainment; *The Edwin L. Cox American Legacy Fund* (for acquisitions); the *Harper-Inglis Memorial Trust Fund for Preservation*; and other funds supporting conservation internships, the Adopt-a-Book program, Hebraic Section programs, and State Centers for the Book.

For the NDL program, nearly \$13 million was received, bringing the total in pledges and gifts from the private sector to \$44.7 million toward a goal of \$45 million. Donors of \$1 million or more during fiscal year 1998 include John W. Kluge (\$5 million), Donald G. Jones (\$1 million), Glenn R. Jones (\$1 million), G.F. Lenfest (\$1 million), and The Pew Charitable Trusts (\$1 million).

Through the planned giving program, the Library received proceeds from a charitable remainder trust and additional gifts from Abraham and Julienne Krasnoff totaling more than \$1 million to be added to the James H. Billington Trust Fund, which supports special projects by Library curators; \$273,884 from the Marguerite Roll Trust to be added to the Marguerite Roll Local History and Genealogy Trust Fund; a charitable remainder trust of \$50,000 from Edward and Joyce Miller to be added to a trust fund in support of the General Collections; four bequests totaling \$521,412 from the estates of Irving Jurow (for the support of concerts featuring the harpsichord), Carolyn Just (in support of chamber music performances and recordings), Marjorie Mills Dadian (in support of the Armenian collections), and Charles A. Jahant (in support of the Jahant Collection of photographs in the Music Division).

- ▶ **Bicentennial Commemoration** - Planning for the Library's Bicentennial commemoration in 2000 began in 1997 with the appointment of a steering committee of

senior Library managers under the leadership of the Librarian of Congress. A program manager was appointed in 1998. The Bicentennial goal is "To inspire creativity in the year ahead by stimulating greater use of the Library of Congress and libraries everywhere." The Library's 200th anniversary is a unique opportunity to reaffirm the historical role of libraries as centers of learning and to reinvigorate the nation through greater use of libraries and wider access to knowledge. The Bicentennial theme of "Libraries--Creativity--Liberty" reflects the essential role that libraries play in a democracy. The kick-off event for the Bicentennial will be a symposium on the *Frontiers of the Mind in the 21<sup>st</sup> Century*, which will bring together at the Library leading thinkers in various disciplines to talk about the way their field will change in the 21<sup>st</sup> century.

The concept of "Gifts to the Nation" is central to the Bicentennial effort. The Library itself is a Congressional "Gift to the Nation." Sharing the Library's collections and information about the Congress with Americans in their local communities through an expanded National Digital Library is the Library's major gift to the nation. Obtaining materials for the Library's collections from congressional districts through the "Local Legacies" project, documenting cultural traditions and events nationwide, will further enhance and dramatize the Library's role as America's memory. The Library and its Madison Council has also launched a major "Gifts to the Nation" campaign to acquire a number of significant research collections for the Library, as well as to establish a number of endowed chains and curatorships. The Congress has approved a commemorative coin for the Bicentennial, and a U.S. postage stamp has been designed. Both the coin and the stamp will be issued in the year 2000. Other Bicentennial activities include media programming, grass-roots reading promotion efforts, a national photography contest that celebrates the nation's libraries, a national "Favorite Poem" project, exhibitions, symposia, publications, and projects that promote appreciation of the Library and the history of its buildings, collections, staff, and services.

A Bicentennial home page (<http://www.loc.gov/bicentennial>) provides up-to-date information about the Bicentennial and its programs. The Bicentennial commemoration is being supported primarily through private contributions. The Library's Madison Council has provided substantial funding.

## **STEWARDSHIP REPORTING**

The standard for stewardship reporting on selected assets classified as "Heritage Assets" developed by the Federal Accounting Standards Advisory Board (FASAB) is mandatory for fiscal year 1998. The standard applies to entities (1) that control stewardship resources and (2) whose financial statements purport to be in accordance with federal accounting principles and standards developed by FASAB and accepted by the principals. All stewardship information is deemed "required supplemental stewardship information."

In fiscal year 1995, the Library, in consensus with its independent accountants, determined its collections were within the stewardship resource classification and prepared its first stewardship report. By beginning in fiscal year 1995, the Library initiated developing a data collection and a trial reporting methodology that lead to fulfilling the objectives of the stewardship reporting standard -- to assist in judging the long-term effectiveness of expenditures for "heritage assets," the results of inputs and outcomes, and the financial impact of sustaining current services.

Consistent with the guidelines provided by FASAB, the Library has prepared its fourth stewardship report on its collections that provides the suggested relevant information concerning the asset description, acquisition, preservation, security, use, estimated number of items, and expenditures. The Stewardship Report is included as Section 4 of this report.

### **LIMITATIONS OF THE FINANCIAL STATEMENTS**

The Library's financial statements are the culmination of a systematic accounting process. The statements have been prepared to report the financial position and results of operations of the Library of Congress, pursuant to the hierarchy of accounting principles and standards set forth in Note 1 to the Consolidated Financial Statements. While the statements have been prepared from the books and records of the Library, the statements are in addition to the financial reports used to monitor and control budgetary resources which are prepared from the same books and records. The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity. One implication of this is that liabilities cannot be liquidated without legislation that provides resources to do so.